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8 **STATE OF CALIFORNIA**
9 **NATURAL RESOURCES AGENCY**
10 **DEPARTMENT OF CONSERVATION**
11 **GEOLOGIC ENERGY MANAGEMENT DIVISION**
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14 **ORDER TO PAY A CIVIL PENALTY**
15 **NO. 1514**
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18 **Operator: California Resources Elk Hills, LLC (C0880)**
19 **Field Names: Elk Hills, Buena Vista, and Coles Levee, North**
20 **County: Kern**
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I. Introduction

The State Oil and Gas Supervisor (**Supervisor**), acting through the Geologic Energy Management Division (**CalGEM**), and under the authority of Division 3 of the Public Resources Code (**PRC**; commencing with PRC section 3000) and title 14 of the California Code of Regulations (**Regulations**), may impose a civil penalty on a person who violates any statutory provision of the PRC, or any regulation that implements those statutory provisions. (PRC, § 3236.5.)

Based on CalGEM's records, California Resources Elk Hills, LLC (**Operator**) is the "operator" (as defined in PRC, § 3009) and is responsible for the Wells and associated Production Facilities identified on **Attachment A**, incorporated herein (the "**Wells**" and "**Facilities**"). As described in more detail below, Operator has not maintained compliance with applicable requirements for operation of the Wells and the Facilities. Operator's failure to comply with the Regulations poses a potential threat to life, health, property, and natural resources for which the Supervisor has determined imposition of a civil penalty is appropriate. Therefore, pursuant to PRC sections 3013, 3106, 3225, 3236.5, and 3270 and Regulations sections 1722 and 1777, the Supervisor is ordering Operator to pay an administrative civil penalty for the violations.

Attachment B, incorporated herein, contains a list of definitions and authorities that are applicable to this Order.

II. Alleged Acts and Omissions

Based on CalGEM's records, at all times relevant to this Order, Operator was the operator, as defined in PRC section 3009, of the Wells and Facilities. On or about October 29, 2024, December 19, 2024, December 24, 2024, January 14, 2025, and January 15, 2025, CalGEM conducted inspections of the Wells and Facilities where the violations described below were observed and documented in the Elk Hills, Buena Vista, and Coles Levee, North Field. (**Attachments C, D, E, F, G, H, and I**, incorporated herein.)

CalGEM records reflect Operator has not maintained compliance with applicable requirements for operation of the Wells and the Facilities. Operator's lack of adherence to the

Regulations poses a potential threat to life, health, property, and natural resources. The violations at issue are identified below.

A. Failure to maintain bolts on wellhead. (Regulations § 1777, subd. (a).)

The wellhead is equipment secured to the upper part of a well, located above the casing and is held in place by a series of bolts. Damaged or missing bolts on the wellhead may lead to leaking around the wellhead. Production facilities include wellheads. (PRC, § 3010; Regulations, § 1760, subd. (r).) Operators are required to maintain production facilities in good condition and in a manner to prevent leakage or corrosion and to safeguard life, health, property, and natural resources and conduct operations in accordance with good oilfield practices. (Regulations, § 1777, subd. (a).)

During the inspections, CalGEM observed bolts missing from the wellheads at the following wells, in violation of Regulations, section 1777, subdivision (a):

API	Well Designation
0402902068	Unspecified 56-35B
0402955966	Coles Levee A 31-33

The two violations were remediated by Operator on or around October 29, 2024, and January 15, 2025.

B. Failure to maintain production facilities in good condition and in a manner to prevent leakage or corrosion. (Regulations, § 1777, subd. (a).)

Operators are required to maintain production facilities in good condition and in a manner to prevent leakage or corrosion and to safeguard life, health, property, and natural resources and conduct operations in accordance with good oilfield practices. (Regulations, §§ 1722, subd. (a); 1777, subd. (a).) Production facilities include wellheads. (PRC, § 3010; Regulations, § 1760, subd. (r).)

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During the inspections, CalGEM observed liquid leaks at the following wellheads, and the wells therefore not being maintained in a good condition and in a manner to prevent leakage or corrosion, in violation of the Regulations, section 1777, subdivision (a):

API	Well Designation
0403028441	337X-25R
0402956932	Unspecified 314-34R
0403045966	Unspecified 673X-1C
0402909651	Unspecified 374-1C

The four violations were remediated by Operator on or around December 19, 2024, December 24, 2024, and January 14, 2025.

C. Failure to Keep Well Cellar Drained. (Regulations, § 1777, subd. (c)(3).)

The well cellar is an excavated area around the wellhead that provides space for equipment at the top of the wellbore. Operators are required to keep well cellars drained. (Regulations, § 1777, subd. (c)(3).)

During the inspection, CalGEM observed fluids in the well cellar, in violation of Regulations, section 1777, subd. (c)(3), at the following Well:

API	Well Designation
0402909651	Unspecified 374-1C

The violation was remediated by Operator on or around December 19, 2024.

Civil Penalty

A. Civil Penalty

Based on the foregoing Alleged Acts and Omissions and pursuant to PRC section 3236.5, by this Order the Supervisor imposes on Operator an administrative civil penalty totaling four thousand ninety-five dollars (\$4,095.00) for the seven (7) violations.

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Failure to maintain bolts on wellhead. (Regulations, § 1777, subd. (a).) (Well 0402902068)	1	\$420	\$420
Failure to maintain bolts on wellhead. (Regulations, § 1777, subd. (a).) (Well 0402955966)	1	\$525	\$525
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) (Well 0403028441) (Well 0402956932) (Well 0402909651)	3	\$750	\$2,250
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) (Well 0403045966)	1	\$600	\$600
Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3).) (Well 0402909651)	1	\$300	\$300
		Total Civil Penalty:	\$4,095.00

For purposes of this Order, the Supervisor considered relevant circumstances when establishing the amount of the administrative civil penalty, including: characterizing the violations as “minor” (as defined in PRC section 3236.5, subdivision (b)), the eight factors identified in PRC section 3236.5, subdivision (a), and the following: if the violation has been remediated, how long the violation has persisted, pervasiveness of the violation, if the well is environmentally sensitive, as defined by Regulations section 1760, subdivision (f), a critical well, as defined by Regulations section 1720, subdivision (a).

Operator's Required Actions

For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3225, 3270 and 3236.5, and Regulations section 1777, **IT IS HEREBY ORDERED** that within 30 days, Operator:

Pay an administrative civil penalty of four thousand ninety-five dollars (\$4,095.00).

To remit payment of the civil penalty online, please visit <https://www.govone.com/PAYCAL/Home/SelectAgency> and select "California Department of Conservation Geologic Energy Management Division," then follow the instructions on the screen. When filling out the "order number" field, please type the order number followed by the letter "O."

To remit payment of the civil penalty by mail, please send a check payable to "Department of Conservation" to the following address:

Department of Conservation
CalGEM, Attn: Operational Management Unit
715 P Street, MS 1803
Sacramento, California 95814

Please include the Operator name, Order number, and phrase "Oil and Gas Environmental Remediation Account" on the check itself.

III. Operator's Appeal Rights

Operator may appeal this Order by filing a timely written notice of appeal with the Director as described in Article 6 (Appeals and Review) of Division 3 of the PRC, commencing with PRC section 3350. (PRC, § 3225, subd. (d).) If this Order is mailed to you, the Director must receive the appeal within fifteen (15) days from the date the Supervisor mails the Order. To file an appeal, a written notice of appeal may be sent via U.S. mail to:

Department of Conservation
Director's Office of Appeals
715 P Street, MS 19-06 (Legal Office, Chief Counsel)
Sacramento, California 95814

Or via electronic mail to:

OfficeofAppeals@conservation.ca.gov

If Operator files a timely written notice of appeal, Operator will be informed of the appeal hearing date, time, and place. Following the hearing, Operator will receive a written decision that affirms, sets aside, or modifies the appealed order.

1 If Operator does not file a timely written notice of appeal, or if the Order is affirmed
2 following an appeal, this Order will become a final order. Any costs incurred by CalGEM to
3 obtain compliance with this Order (which may include penalties and interest) will
4 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §
5 3356.)

6 **IV. Other Potential Actions to Enforce This Order**

7 Failure to comply with Section IV (Operator's Required Actions) of this Order could
8 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for
9 any person who violates, fails, neglects, or refuses to comply with any of the provisions of the
10 oil and gas conservation laws commencing at PRC section 3000. PRC sections 3236.2 and
11 3236.3 authorize the Supervisor to seek for civil penalties and injunctive relief for failure to
12 comply with an order or for violations of any provision in Chapter 1 of Division 3 of the PRC or
13 any regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to
14 impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the
15 PRC or any regulation that implements those statutes, and the Supervisor may in the future
16 impose further civil penalties based on the facts and omissions underlying this order. PRC
17 section 3237 authorizes the Supervisor to order the plugging and abandonment of a well or
18 the decommissioning of a production facility if an operator has failed to comply with an order
19 of the Supervisor within the time provided by the order or has failed to challenge the order on
20 a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply with an
21 order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct
22 offense. (PRC, § 3359.) By issuance of this Order, the Supervisor does not waive the right to take
23 further enforcement actions.

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26 DATED: 4/11/2025

Doug Ito

Doug Ito
State Oil and Gas Supervisor